

**17.80. Office of internal auditor.** (a) There shall be an independent office of internal audit which is charged with conducting financial, fiscal compliance, and financial procedure audits of all city departments, boards and commissions. The office of internal audit shall conduct audits of individual financial transactions, contracts and franchises of the city; and shall generally audit the financial and accounting systems and procedures administered by the finance department and other city departments, boards and commissions for compliance with generally accepted accounting principles, best financial management practices, and any applicable laws and regulations governing the financial practices of the city. The office of internal audit shall be under the control and supervision of the internal auditor.

- (b) The internal auditor shall organize and administer the auditor's office to operate without interference or other influence that might adversely affect an independent and objective judgment of the auditor.
- (c) The office of internal audit shall adhere to the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors and such other standards set by other bodies that apply to internal audit practices of local governments to conduct the auditor's work and be independent as defined by the standards.
- (d) The mayor and city council shall provide the office of internal audit with its own budget. (83-Or-235, § 1, 9-30-83; 86-Or-001, § 1, 1-17-86; 93-Or-163, § 1, 11-12-93; 2009-Or-190, § 1, 12-18-09)

**17.90. Audit committee.** (a) To ensure independence of the audit function, there shall be an audit committee. The audit committee shall be made up of six (6) members, which shall include the chair of the ways and means/budget committee, two (2) members of the city council to be appointed by the city council president and three (3) citizen members. The two (2) council president appointments shall be for a two (2) year term and shall be made in January of each even-numbered year. The council president shall appoint the chairperson of the audit committee. The three (3) citizen members shall be residents of the city who are not past or current city employees, are not past or current elected officials of the city council or any of its boards or commissions, and who have expertise in auditing, preferably internal or management auditing, or financial management. The citizen members shall be appointed to a three-year term and no citizen member shall be appointed for more than two (2) terms. The three (3) citizen members shall be appointed as follows: one (1) by the mayor, one (1) by the city council through the open appointments process, and one (1) by the Minneapolis Park and Recreation Board. The audit committee shall meet a minimum of four (4) times per year.

- (b) The audit committee shall be responsible for the oversight of the city's internal audit function, financial reporting practices, internal controls, compliance with applicable law and regulation relating to financial controls and other related matters.
- (c) The audit committee shall:
  - (1) appoint and remove the internal auditor;
  - (2) review and approve the internal auditor's annual audit plan;

- (3) review the audit reports directed to it and make recommendations to the city council on the appropriate course of action on any such audit reports;
- (4) monitor the internal auditor's results and follow-up activity; and
- (5) review reports of the state auditor prepared for any of the city's departments, boards and commissions. (83-Or-223, § 1, 9-9-83; 83-Or-235, § 1, 9-30-83; Pet. No. 249854, § 41, 7-14-89; 2009-Or-190, § 2, 12-18-09)

**17.100. Appointment and removal of internal auditor; organization of office.** (a)

A majority of the audit committee shall appoint the internal auditor. The internal auditor shall serve at the will of the audit committee. A majority vote of the audit committee is required to remove the internal auditor.

- (b) The internal auditor may appoint such other employees as may from time to time be authorized by the city council who shall be in the classified service.
- (c) The internal auditor shall have the following qualifications:
  - (1) Knowledgeable in financial and performance auditing, public administration and public financial and fiscal practices; and
  - (2) Licensed as a certified public accountant or certified internal auditor.
- (d) For administrative purposes, the city coordinator shall provide administrative supervision for the internal auditor and support for the office of internal audit and shall assist the audit committee with the hiring and performance review process for the internal auditor. (86-Or-132, § 1, 6-12-86; 2009-Or-190, § 3, 12-18-09)

**17.110. Powers and duties of internal auditor.** (a) The internal auditor shall:

- (1) Establish guidelines, policies, and procedures for the conduct of periodic internal audits.
- (2) Develop an annual audit plan to be submitted to the audit committee for approval.
- (3) Conduct investigations of alleged or suspected impropriety, fraud, misappropriation, or other misuse of city funds, shall seek advice from the city attorney as appropriate and report any suspected criminal activity to appropriate law enforcement authorities.
- (4) Appraise the audit committee on the adequacy of action taken by departments to correct report deficiencies.
- (5) Implement a comprehensive audit plan to review and evaluate the adequacy and effectiveness of the city's internal system of financial controls to ensure:
  - a. The reliability and integrity of financial records and reports.
  - b. Compliance with policies, procedures, ordinances, rules and statutes related to expenditures and financial controls.
  - c. That assets are safeguarded from loss.
- (6) Coordinate with external auditors and assist in the implementation of corrective

actions recommended by external auditors as appropriate.

- (7) Submit an annual report to the mayor and city council indicating audits completed, major findings, corrective actions taken by administrative managers, and significant findings which have not been fully addressed by management.
- (b) The internal auditor may:
- (1) Subject to the approval of the audit committee, conduct special reviews and programmatic reviews at the request of the mayor, city council, finance officer, city departments, boards and commissions.
  - (2) Provide assistance to city departments, boards and commissions for evaluation of financial controls. (2009-Or-190, § 4, 12-18-09)

**17.120. Annual audit plan.** (a) The internal auditor shall submit an annual audit plan for review and approval by the audit committee.

- (b) The annual audit plan shall include, at a minimum, the following information: the scope of each audit the office of internal audit intends to conduct, including a summary of the nature and scope of each audit to be conducted, identifying the department, board, commission, service, program, function, and/or policy to be audited; and each potential audit objective to be addressed.
- (c) The annual audit plan may be amended, with approval of the audit committee. The internal auditor may request an amendment independently, or at the request of the audit committee.
- (d) Notwithstanding subsection (c), the internal auditor may initiate, conduct, or expand the scope of an audit or investigation if the internal auditor determines that:
  - (1) fraud, abuse, or illegality may have or is occurring; or
  - (2) an audit finding requires expansion of the scope of an audit or investigation in progress. (2009-Or-190, § 5, 12-18-09)

**17.130. Access to records and property.** (a) The auditor shall have full, free and unrestricted access to the records, property, and personnel of all city departments, boards and commissions, in order to conduct internal audits.

- (b) Organizations receiving funds originating or passed through by the city (including but not limited to the Minneapolis Community Development Agency (MCDA), Youth Coordinating Board (YCB), and the Neighborhood Revitalization Program (NRP)) will allow the Internal Auditor access to all documents and records to ensure that adequate internal controls are in place and operating effectively, regarding the expenditure of those funds relating to the city. (2009-Or-190, § 6, 12-18-09)